

157 FERC ¶ 61,198
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 13, 2016

In Reply Refer To:
Puget Sound Energy Inc.
Docket No. ER17-88-000

Puget Sound Energy Inc.
1050 Thomas Jefferson Street, NW
Washington, DC 20007

Attention: Justin Moeller

Dear Mr. Moeller:

1. On October 14, 2016 (October 14 Filing), pursuant to section 205 of the Federal Power Act (FPA),¹ Puget Sound Energy, Inc. (Puget) filed revisions to its Open Access Transmission Tariff (OATT) to conform to the tariff amendments recently submitted by the California Independent System Operator Corporation (CAISO) and accepted by the Commission² in order to implement a new Flexible Ramping Product in CAISO's real-time market, including the Energy Imbalance Market (EIM). Specifically, Puget proposes to: (1) update section 8.5.6 of Attachment O to reflect CAISO's change from the current Flexible Ramping Constraint to the new Flexible Ramping Product and to specify Puget's proposed allocations for identified types of Flexible Ramping Product charges and payments;³ (2) make administrative changes to its tariff to be consistent with the references and definitions accepted in the Commission's September 26 Order;⁴ and

¹ 16 U.S.C. § 824d (2012).

² *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,226 (2016) (September 26 Order).

³ October 14 Filing at 5.

⁴ *Id.* at 6.

(3) make several non-substantive formatting revisions to Attachment O and the Table of Contents of Puget's OATT.⁵ Additionally, Puget requests that the Commission clarify that the existing requirement that Puget submit an informational report regarding the Flexible Ramping Constraint, as directed by the Commission in its order enabling Puget to participate in the EIM,⁶ no longer applies. As discussed below, we accept the proposed tariff revisions, effective November 1, 2016, and terminate Puget's existing obligation to submit an informational report regarding the Flexible Ramping Constraint.⁷

2. CAISO developed the Flexible Ramping Product to manage the ramping capability necessary for meeting changes in net demand. The Flexible Ramping Product will procure and compensate resources for providing ramping capability for both the forecasted movement of net load and uncertainty in the forecasted net load.⁸ The Commission accepted CAISO's filing, effective October 1, 2016.⁹ CAISO subsequently filed a request to delay the effective date of the Flexible Ramping Product tariff revisions until November 1, 2016,¹⁰ which the Commission granted on October 20, 2016.¹¹

3. In the instant filing, Puget proposes to update section 8.5.6 of Attachment O, to reflect CAISO's change from the Flexible Ramping Constraint to the Flexible Ramping Product, and to insert the correct cross-references governing allocation of payments and charges for this new Flexible Ramping Product.¹² Puget also proposes to revise

⁵ *Id.*

⁶ See *Puget Sound Energy, Inc.*, 155 FERC ¶ 61,111, at P 113 (2016) (April 29 Order). The April 29 Order directed Puget to submit an informational report addressing, among other things, whether continuing to allocate Flexible Ramping Constraint charges on the basis of Measured Demand is appropriate.

⁷ October 14 Filing at 6.

⁸ *Id.* at 3-4; see CAISO, Motion for Leave to Answer to Comment and Protest, Docket No. ER16-2023-000, at 3 (filed Aug. 1, 2016).

⁹ September 26 Order, 156 FERC ¶ 61,226 at PP 1, 36.

¹⁰ *Cal. Indep. Sys. Operator Corp.*, Petition for Limited Waiver to Modify Effective Date, Docket No. ER16-2023-000 (filed Sept. 28, 2016).

¹¹ *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,048, at P 5 (2016).

¹² October 14 Filing at 5.

Attachment O to reflect its proposed methods for allocating various Flexible Ramping Constraint Product charges and payments.

4. Specifically, Puget proposes to: (1) allocate charges and payments for the Flexible Ramping Forecasted Movement¹³ for load on the basis of Metered Demand,¹⁴ and (2) to allocate charges and payments for the Flexible Ramping Forecasted Movement for generating and inertie resources, as well as the Daily and Monthly Flexible Ramping Uncertainty Awards (both in the upward and downward directions),¹⁵ on the basis of Measured Demand.

5. With regard to its proposed allocation of the Flexible Ramping Forecasted Movement for load, Puget states that Metered Demand is the same allocator used by CAISO for this charge code and reflects CAISO's distribution of the Flexible Ramping Forecasted Movement settlement amount to scheduling coordinators with metered EIM demand or metered CAISO demand in proportion to its share of the total EIM metered demand and total CAISO metered demand.¹⁶

6. Puget explains that its proposal to allocate charges and payments for the Flexible Ramping Forecasted Movement for generating and inertie resources, and for the Daily and Monthly Flexible Ramping Uncertainty Awards and any other Flexible Ramping charges or payments on the basis of Measured Demand¹⁷ differs from CAISO's allocations for these charge codes. However, Puget contends that directly assigning these

¹³ Puget proposes to define Flexible Ramping Forecasted Movement as “[a] resource’s change in forecasted output between market intervals for purposes of the Flexible Ramping Product.” Puget, Proposed OATT § 1.14A1.

¹⁴ Puget defines Metered Demand as “[m]etered load volumes in Puget’s [PSE’s] BAA.” Puget, OATT § 1.19E.

¹⁵ Puget proposes to define Flexible Ramping Product Uncertainty Award as “[a] resource’s award for meeting a Flexible Ramping Uncertainty Requirement under the Flexible Ramping Product.” Puget, Proposed OATT § 1.14A2. A Flexible Ramping Uncertainty Requirement is “[f]lexible ramping capability to meet the Flexible Ramping Product requirements established by [CAISO].” *Id.* § 1.14A3.

¹⁶ October 14 Filing at 6.

¹⁷ *Id.* at 5. Puget defines Measured Demand to include: “(1) metered demand, plus (2) e-Tagged export volumes from the Puget BAA (excluding EIM Transfers).” Puget, OATT § 1.19D.

costs and payments to load, supply, and interties would be extremely cost-intensive for Puget, and would require additional personnel and system modifications. Moreover, Puget asserts that there is no evidence that such granularity would outweigh the administrative expense.¹⁸ Puget further asserts that the Commission has found that the Measured Demand allocator is a “simplified alternative to allocating [flexible ramping constraint] charges to those that benefit.”¹⁹ According to Puget, the same reasoning should apply to the sub-allocation of the Flexible Ramping Product to Puget’s transmission customers.

7. In support of its allocation proposal, Puget also references an analysis performed by PacifiCorp comparing the current Measured Demand allocation with the approach used by CAISO for the existing Flexible Ramping Constraint, which allocates 75 percent of the costs to load and 25 percent to generation. According to Puget, PacifiCorp’s report suggests that the financial impacts of different allocation methodologies for ramping related charges and payments are minimal.²⁰

8. In addition to its changes to Attachment O, Puget proposes administrative changes to section 1 of its OATT to be consistent with the definitions proposed by CAISO and accepted in the Commission’s September 26 Order. Puget also proposes non-substantive formatting revisions to Attachment O and the Table of Contents of Puget’s OATT. Finally, Puget seeks Commission clarification that the requirement in the Commission’s April 29 Order that Puget submit an informational report regarding the Flexible Ramping Constraint no longer applies, because the Flexible Ramping Product is replacing CAISO’s Flexible Ramping Constraint.

9. Puget requests waiver of the Commission’s prior notice requirements set forth in section 35.3(a)(1) of the Commission’s regulations, 18 C.F.R. § 35.3(a)(1) (2016), to permit an effective date of November 1, 2016 for the revised OATT provisions.

10. Notice of Puget’s October 14 Filing was published in the *Federal Register*, 81 Fed. Reg. 72,584 (2016), with interventions and protests due on or before November 4, 2016. None was filed.

¹⁸ October 14 Filing at 5.

¹⁹ *Id.* (quoting *Puget Sound Energy, Inc.*, 155 FERC ¶ 61,111, at P 112 (2016)).

²⁰ *Id.*; see PacifiCorp, Letter Regarding Energy Imbalance Market, Docket No. ER14-1578-000, at 2 (filed Feb. 1, 2016) (PacifiCorp Flexible Ramping Constraint Report).

11. We find that Puget’s proposed revisions are just and reasonable and not unduly discriminatory or preferential. Puget’s proposed OATT revisions will effectively implement CAISO’s Flexible Ramping Product. As the Commission found in the September 26 Order, the Flexible Ramping Product will enhance CAISO’s ability to manage ramping capability to address changes in system conditions by extending CAISO’s ability to procure ramping capability in both the upward and downward directions and to account for forecasted net load movement and forecast uncertainty in all processes of the real-time market.²¹ Further, we find that Puget has adequately supported its proposed allocation methodology, which will allocate charges to those who benefit from the reliability that the Flexible Ramping Product will provide to the system and is therefore consistent with Commission precedent.²² Accordingly, we accept Puget’s proposed OATT revisions for filing, effective November 1, 2016, which is the date CAISO implemented the Flexible Ramping Product.

12. Finally, because the Flexible Ramping Product is replacing the Flexible Ramping Constraint, we will terminate Puget’s obligation to report to the Commission within 15 months of its entry into the EIM on its method of allocating Flexible Ramping Constraint charges.²³

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

²¹ September 26 Order, 156 FERC ¶ 61,226 at P 36.

²² *Ariz. Pub. Serv. Co.*, 155 FERC ¶ 61,112, at P 128 (2016) (“[A]llocating flexible ramping constraint charges [based on Measured Demand] is not significantly different from the way that CAISO allocates these charges in its own BAA, and thus presents a simplified alternative to allocating these charges to those that benefit from the additional reliability that the flexible ramping constraint provides to the system.”).

²³ *See* April 29 Order, 155 FERC ¶ 61,112 at P 129.